

PEABODY COALSALES, LLC
Contract #J23003 – Amendment No. 1

AMENDMENT NO. 1 TO COAL SUPPLY AGREEMENT

THIS AMENDMENT NO. 1 TO COAL SUPPLY AGREEMENT (“Amendment No. 1”), dated as of March 16, 2023, by and between LOUISVILLE GAS AND ELECTRIC COMPANY (“LG&E”) and KENTUCKY UTILITIES COMPANY (“KU”), each a Kentucky corporation, with an address at 220 West Main Street, Louisville, Kentucky 40202 (LG&E and KU are each individually sometimes herein called a “Buyer”), and PEABODY COALSALES, LLC (“Peabody”), a Delaware limited liability company, with an address at 701 Market Street, St. Louis, Missouri 63101 (herein called the “Seller”).

In consideration of the agreements herein contained, the parties hereto agree as follows.

A. AMENDMENT

The Coal Supply Agreement heretofore entered into by the parties, dated effective as of March 31, 2022, identified by Contract Number J23003, is hereby amended as set forth below (the March 31, 2022 Coal Supply Agreement as amended by this Amendment No. 1 are hereafter collectively referred to as the “Agreement”).

B. Section 8.1 (c) (i) Base Price Adjustments. Effective as of April 1, 2023 and solely for shipments occurring thereafter, Section 8.1 (c) (i) of the Agreement is hereby deleted in its entirety and replaced with the following new Section 8.1 (c) (i):

“(i) PPI for Bituminous Coal Underground Mining (utility sold) Adjustment. In addition to any other adjustments provided herein, the Base Price shall also be adjusted for changes (positive or negative) in the Coal Mining-Bituminous Coal Underground Mining (utility sold) (“BCUM”), such adjustment to be effective on the Adjustment Date (as such term is hereinafter defined). The first BCUM Adjustment calculation shall be applied towards Shipments loaded beginning April 1, 2023.

The BCUM adjustment contemplated herein shall be determined as follows: (1) \$40.00 per ton of the Base Price applicable to that particular period shall be deemed (for purposes of this section) to be the cost of mining component of the Base Price (herein called the “Cost of Mining Component”); (2) Multiply the Cost of Mining Component by the Cost of Mining Adjustment Factor (“COMAF” as hereinafter defined), the resulting product is hereinafter called the “Cost of Mining Component Adjustment”; before any adjustment to the price under this Section shall occur with respect to a particular period, the applicable PPI-Cost of Mining Factor must be greater than the Upper Deadband or less than the Lower Deadband relevant to the Adjustment Date, as listed in Exhibit C; (3) If the PPI-Cost of Mining Factor is greater than the relevant Upper Deadband or less than the relevant Lower Deadband, then the Base Price adjusted pursuant to this section (herein called the “Adjusted Base FOB Price Per Ton”) for that particular period shall be equal to the sum of the Base Price and the Cost of Mining Component Adjustment (note that if the PPI-Cost of Mining Factor is less than the relevant Lower Deadband, the Cost of Mining Component Adjustment will be negative, resulting in an Adjusted Base FOB Price Per Ton which is less than the Base Price due by the amount of the Cost of Mining Component Adjustment). An example calculation for each case is shown in Schedule I.

For purposes of this Section 8.1(c) (i), the following terms shall have the meanings set forth below:

“PPI-Cost of Mining” shall mean the PPI for Bituminous Coal Underground Mining (utility sold) Index #PCU21211021211012 found in the Producer Price Indexes, published by the U.S.

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Department of Labor, Bureau of Labor Statistics, using certain published figures as described below.

“COMAF” shall mean (a) for a PPI-Cost of Mining Factor greater than the relevant Upper Deadband, the difference between the PPI-Cost of Mining Factor and relevant Upper Deadband, (b) for a PPI-Cost of Mining Factor less than the relevant Lower Deadband, the difference between PPI-Cost of Mining Factor and the relevant Lower Deadband (note: this calculation will result in a negative number), and (c) for a PPI-Cost of Mining Factor between the relevant Upper and Lower Deadband , inclusive, the COMAF shall deemed to be zero.

“PPI-Cost of Mining Factor” shall mean a fraction, the denominator of which shall be 230.603 (the average, base index PPI for Bituminous Coal Underground Mining (utility sold) for September, October and November 2021) and the numerator of which shall be the average, of the PPI for Bituminous Coal Underground Mining (utility sold) monthly figures of the relevant three months of the Calculation Period (as defined below) appearing in the table published during the month prior to the Adjustment Date.

“Adjustment Date” shall mean the first day following a Calculation Period for which an adjustment to the Base Price for changes in the BCUM is contemplated hereunder, namely, January 1, April 1, July 1, or October 1, as the case may be, for each calendar year for which this Section 8.1(b) applies.

“Calculation Period” shall mean (i) for a January 1 Adjustment Date, the three (3) months of September, October, and November of the preceding calendar year; (ii) for an April 1 Adjustment Date, the three (3) months of December of the preceding calendar year, and January and February; (iii) for a July 1 Adjustment Date, the three (3) months of March, April, and May; and (iv) for an October 1 Adjustment Date, the three (3) months of June, July, and August.

An example of the Cost of Mining Component Adjustment is included as Schedule I.”

- C. **Schedule I Sample Cost of Mining Price Adjustment Calculation.** Effective April 1, 2023 and shipments occurring thereafter, Schedule I of the Agreement is hereby deleted in its entirety and replaced with the following new Schedule I:

Example 1.

	2023 Base	2 nd Qtr. 2023	2 nd Qtr. 2023
	Price	Adjustment	Adjusted Base Price
Fixed Price Per Ton	\$5.00		\$5.00
⁽¹⁾ Government Impositions Adj.	\$0.60		\$0.60
Cost of Mining Component:	<u>\$40.00</u>	<u>\$1.80</u>	<u>\$41.80</u>
FOB Barge Price	\$45.60	\$1.80	\$47.40
	\$40.00	Cost of Mining Component	
	x 0.0450	COMAF	
	\$1.80	Cost of Mining Component Adjustment	

⁽¹⁾ Pursuant to Section 8.4 of the Agreement, the Black Lung Excise Tax law change effective October 1, 2022.

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For 2nd Qtr. 2023 Cost of Mining Adjustment:

PPI for Bituminous Coal Underground Mining (utility sold) Index #PCU21211021211012

Average of hypothetical index PPI for Bituminous Coal Underground Mining (utility sold) of the three months during relevant Calculation Period for April 1, 2023 Adjustment Date

Dec 22(p)	237.100
Jan 23 (p)	261.300
Feb 23(p)	<u>250.500</u>
Average (a)	249.633

Sep/Oct/Nov 2021/ PPI for Bituminous Coal Underground Mining (utility sold)

Sep 21(p)	239.492
Oct 21(p)	224.417
Nov 21(p)	<u>227.900</u>
Base Factor (b)	230.603

Calculate Adjustment Factor

PPI Cost of Mining Factor (a) ÷ (b) $249.633/230.603 = 1.0825$ (Round to four decimals)

Since PPI Cost of Mining Factor is greater than 1.030, as listed in Exhibit C

	1.0825	PPI Cost of Mining Factor
Less:	<u>1.0375</u>	Upper Deadband
Cost of Mining Adjustment Factor	0.0450	COMAF

Example 2.

	2023 Base Price	2 nd Qtr. 2023 Adjustment	2 nd Qtr. 2023 Adjusted Base Price
Fixed Price Per Ton	\$5.00		\$5.00
⁽¹⁾ Government Impositions Adj.	\$0.60		\$0.60
Cost of Mining Component:	<u>\$40.00</u>	<u>-\$0.13</u>	<u>\$39.87</u>
FOB Barge Price	\$45.60	-\$0.13	\$45.47
	\$40.00	Cost of Mining Component	
	<u>x-0.0033</u>	COMAF	
	-\$0.13	Cost of Mining Component Adjustment	

⁽¹⁾ Pursuant to Section 8.4 of the Agreement, the Black Lung Excise Tax law change effective October 1, 2022.

For 2nd Qtr. 2023 Cost of Mining Adjustment:

PPI for Bituminous Coal Underground Mining (utility sold) Index #PCU21211021211012

Average of hypothetical index PPI for Bituminous Coal Underground Mining (utility sold) of the three months during relevant Calculation Period for April 1, 2023 Adjustment Date

Dec 22(p)	220.500
Jan 23(p)	223.600
Feb 23(p)	<u>219.500</u>
Average (a)	221.200

Sep/Oct/Nov 2021/ PPI for Bituminous Coal Underground Mining (utility sold)

Sep 21(p)	239.492
Oct 21(p)	224.417
Nov 21(p)	<u>227.900</u>
Base Factor (b)	230.603

Calculate Adjustment Factor

PPI Cost of Mining Factor (a) ÷ (b) 221.200/230.603 = 0.9592 (Round to four decimals)

Since PPI Cost of Mining Factor is less than 0.9625, as listed in Exhibit C

	0.9592	PPI Cost of Mining Factor
Less:	<u>0.9625</u>	Lower Deadband
Cost of Mining Adjustment Factor	-0.0033	COMAF

- D. Exhibit C Adjustment Periods.** Effective April 1, 2023 and shipments occurring thereafter, Exhibit C of the Agreement is hereby deleted in its entirety and replaced with the following new Exhibit C:

Adjustment Date	Comparison Period	Lower Deadband	Upper Deadband
April 1, 2023	Average PPI of Bituminous Coal Underground Mining (utility sold) for December, January, February 2023	.9625	1.0375
July 1, 2023	Average PPI of Bituminous Coal Underground Mining (utility sold) for March, April, May 2023	.9550	1.0450
October 1, 2023	Average PPI of Bituminous Coal Underground Mining (utility sold) for June, July, August 2023	.9475	1.0525
January 1, 2024	Average PPI of Bituminous Coal Underground Mining (utility sold) for September, October, November 2023	.9400	1.0600
April 1, 2024	Average PPI of Bituminous Coal Underground Mining (utility sold) for December, January, February 2024	.9325	1.0675
July 1, 2024	Average PPI of Bituminous Coal Underground Mining (utility sold) for March, April, May 2024	.9250	1.0750
October 1, 2024	Average PPI of Bituminous Coal Underground Mining (utility sold) for June, July, August 2024	.9175	1.0825

E. STATUS OF AGREEMENT

As amended hereby, the Agreement is hereby ratified and confirmed and shall continue in full force and effect in accordance with its terms, as amended by this Amendment No. 1.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be duly executed as of the day and year first written above.

BUYER

**LOUISVILLE GAS AND ELECTRIC
COMPANY and
KENTUCKY UTILITIES COMPANY**


By: 
Delbert Billiter

Title: Director of Coal Supply and
By-Products Marketing

Date: 3/20/23

SELLER

PEABODY COALSALES, LLC

By: 
Michael Siebers

Title: VP Sales & Marketing - US

Date: March 20, 2023